

DESCRIPTION OF TRANSACTION

This application is one of a number of applications being simultaneously filed with the Commission seeking Commission consent for the transfer of control of American Cellular Corporation (“ACC” or “Transferor”) and all of the FCC licenses, permits and authorizations held by ACC and its various wholly-owned subsidiaries, from ACC’s stockholders to ACC Acquisition LLC (“Transferee”)(collectively “Applicants”). The subject transfer of control will be accomplished by the merger of ACC Acquisition Co. (“Merger Sub”), a wholly owned subsidiary of Transferee, with and into ACC, after which the separate corporate existence of Merger Sub will cease and ACC shall continue as the surviving corporation (“Surviving Corporation”). ACC will then be a wholly-owned subsidiary of Transferee.

Transferee is a newly formed Limited Liability Company, owned in equal shares by AT&T Wireless Services JV Co. (“ATTJV”) , which is a direct, wholly-owned subsidiary of AT&T Wireless Services, Inc. (“AT&T”), and Dobson JV Company (“DCCJV”), whose ultimate owner is Dobson Communications Corporation (“DCC”). The qualifications of AT&T and DCC to own and control licenses issued by the FCC have been regularly reviewed and approved. The management of Transferee shall be accomplished by a four person Management Committee. Two of the Managers will be appointed by ATTJV and two of the Managers will be appointed by DCCJV. Day-to-day operations will be managed by a subsidiary of DCC, pursuant to a management services agreement and under the ultimate guidance, supervision and control of the Management Committee of Transferee.

At the effective time of the merger, the outstanding shares of ACC’s stock (with limited exceptions not relevant to this application) shall be converted into the right to receive cash and all such shares shall automatically be canceled and retired and cease to exist. Further, each share of capital stock of Merger Sub issued and outstanding immediately prior to the merger shall be converted into one fully paid and nonassessable share of common stock of Surviving Corporation. The Articles of Incorporation and the By-Laws of Merger Sub shall become the Articles of Incorporation and the By-Laws of Surviving Corporation.¹ The officers and directors of Merger Sub shall become the officers and directors of Surviving Corporation. Therefore, as a result of these transactions, and upon the effective time of the merger, Surviving Corporation will become a wholly owned subsidiary of Transferee and any licenses formerly held by subsidiaries

¹ The Certificate of Incorporation of ACC will be amended in its entirety to read as the Certificate of Incorporation of Merger Sub, and as so amended, will be the Certificate of Incorporation of Surviving Corporation.

of ACC and thus controlled by Transferor will be controlled by Transferee. A Form 602 for Transferee is being filed contemporaneously with the Commission.

PUBLIC INTEREST STATEMENT

The public interest will be served by grant of this application. As a result of the merger and the associated transfer of control of ACC's licenses, Surviving Corporation will have more resources available to it in order to enhance and improve service in many of the rural areas where ACC currently provides service. The transaction will enable Transferee's owners to amortize development costs over a broader subscriber base, and to provide the funding necessary to provide seamless, quality service to the public and meet the demands of the competitive wireless marketplace. Additionally, Transferee will be able to provide the public with virtually nationwide roaming opportunities at favorable roaming rates through its corporate affiliations with DCC and AT&T.

In assessing whether mergers between communications carriers are consistent with the public interest, the Commission considers whether the merger would have a significant adverse effect on actual competition within the relevant U.S. product and geographic markets and, in addition, whether it would adversely affect potential competition by eliminating an entity that would otherwise be likely to enter those markets as a new competitor. The proposed transfer of control and associated merger between ACC and ACC Acquisition LLC would not have either of these adverse effects.

None of DCC's subsidiaries currently provides CMRS services in any of the geographic markets served by ACC. In all but two of the cellular markets served by ACC, AT&T or one of its subsidiaries is the licensee of a PCS license. However, there are no markets in which AT&T's attributable interest in CMRS spectrum would exceed the spectrum cap.² As the Commission confirmed as recently as September 22, 1999, "[the 45 MHz spectrum cap] strikes an appropriate balance between the benefits of spectrum aggregation, and the risk of undue economic concentration in the CMRS markets. . . . We further conclude that in major markets any alleged detriments of a 45 MHz spectrum cap cited by some commenters do not outweigh the benefits of a 45 MHz cap."³ AT&T's attributable interest in CMRS spectrum does not exceed 45 MHz in any of ACC's MSA markets.

² Attachment A provides a detailed analysis of each overlapping market.

³ *Biennial Regulatory Review of Spectrum Aggregation Limits for Wireless Telecommunications Carriers* (WT Docket 98-205), Report and Order, released September 22, 1999, at paras. 80,81.

In its September 22, 1999, Spectrum Cap *Report and Order*, the Commission went on to further note that:

[in RSAs] the economics of serving rural areas are different, and [we will] adopt a 55 MHz aggregation limit for those areas. . . . In such areas, competition among mobile phone service providers remains largely underdeveloped, and it appears that in many markets consumers are able to obtain facilities-based mobile phone services only from the two incumbent cellular carriers. A 55 MHz aggregation limit in rural areas will permit carriers serving these areas to achieve economies of scope and will allow greater partnering between PCS and cellular in those areas, thereby helping to make competition in rural areas more vigorous. Such partnering may enable carriers to reduce roaming charges that rural subscribers now incur when traveling to urban areas, and when urban residents travel to rural areas. Partnering may also allow further deployment of PCS and other broadband services to rural areas. In addition, the economics of serving high-cost and low-density areas makes it is unreasonable to expect a large number of independent carriers to be viable. As a result, the opportunity cost of rural spectrum rights is likely near zero, and the risks of anti-competitive conduct by foreclosing entry through the monopolization of spectrum are low.⁴

AT&T's attributable interest in CMRS spectrum does not exceed 55 MHz in any of ACC's RSA markets.

Many of the benefits foreseen by the Commission in its recent consideration of the spectrum cap can be achieved by the proposed transaction. Acquisition of these systems by the Transferee, and its affiliation with DCC and AT&T will allow for substantial efficiencies in serving these markets, as the resources of DCC, a leading provider of cellular services to rural markets, and AT&T, a leading provider of wireless services throughout the nation, can be brought to bear to improve and expand service to these markets. As noted above, customers in these markets will have access to the roaming arrangements of both venture partners, at favorable rates, and the consolidation of these markets into these organizations will certainly allow for operating efficiencies that ACC could not achieve on its own. In sum, and in light of the Commission's most recent findings as they are applied to the markets covered by the instant transaction, Applicants respectfully submit that the grant of the instant application would serve the public interest, convenience, and necessity.

⁴

Id., at para. 84

ADDITIONAL AUTHORIZATIONS

Applicants hereby request that grant of the instant application include authority for Transferee, upon consummation of the transaction described herein, to control any (i) authorization(s) issued to ACC's affiliates and subsidiaries in connection with its associated cellular, point-to-point microwave, and PCS licenses, prior to the consummation of the proposed transfer, (ii) construction permits held by ACC's affiliates and subsidiaries which mature into licenses after consummation and which may have been omitted from this application; and (iii) application(s) and/or notifications of minor modifications filed by ACC's affiliates and subsidiaries, in connection with its associated cellular licenses, and pending at the time of consummation. Such action would be consistent with prior decisions of the Commission.⁵

FINANCIAL QUALIFICATION

The acquisition and operation of the cellular and point-to-point microwave systems, and of the PCS authorizations, currently held by ACC will be financed through internally generated funds and outside financing resources available to Surviving Corporation through its parent ACC Acquisition LLC and through its ultimate owners, Dobson Communications Corporation and AT&T Wireless Services, Inc.. DCC and AT&T hereby certify that jointly they have the adequate financing to acquire and operate the facilities per Section 22.937 of the Commission's rules. Further information regarding Transferee's financial qualifications will be provided upon Commission request.

TRAFFICKING

The instant transfer of control application is part of a larger business transaction involving the merger of Applicants. The principal purpose of the proposed transfer of control is to both continue and improve the provision of common carrier telecommunications services to the public, and not for speculation or profitable resale of the authorization. The subject cellular and point-to-point microwave systems are presently operational and thus the proposed transaction does not involve trafficking in unbuilt facilities, although additional facilities to the existing systems may be authorized and not yet constructed or operational for less than a year. While no facilities have been constructed pursuant to the PCS authorizations being transferred, they are clearly a small element of a substantial transaction. Moreover, the construction requirements imposed on 10 MHz licenses contemplates a very substantial, five year period for even modest development, and Transferee does not anticipate any problem in satisfying this

⁵ *American Teleservices*, Mimeo 3061, at para. 14 & n.9 (Com. Car. Bur., released Mar. 23, 1984); *RAM Communications Holdings of Texas, Inc.*, Mimeo 2604, at para. 6 (Com. Car. Bur., released Feb. 29, 1984).

requirement. No trafficking considerations are presented in connection with the proposed transaction.